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SUBJECT: KAZAKHSTAN: WORLD BANK ENVIRONMENTAL PROJECTS

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11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: Among the several World Bank environmental projects in Kazakhstan, four stand out as noteworthy. The Drylands Protection Project in the Shetskiy rayon of Karaganda oblast promotes sustainable land use by encouraging livestock to graze on open grassland rather than on overgrazed land near villages. Kazakhstan has more than 110 million hectares of rich, empty grassland that is suitable for pasture, but without grazing it will succumb to gradual desertification. The Solar-Powered Windmill Project provides remote villages with electricity and, at the same time, draws water from underground water tables for livestock. This project has dramatically increased livestock production in the pilot project area. The Ust-Kamenogorsk Groundwater Contamination Project will clean up one of Kazakhstan's more polluted industrial cities, preventing groundwater contamination from migrating toward the city's drinking water supply. Finally, the Nura River Clean-Up Project will clean up mercury pollution from the Termirtau Rubber Plant that has left the local community with no reliable, safe source of water. END SUMMARY.

#### DRYLAND PROTECTION

13. (SBU) Regional Environmental Officer (REO) and Environmental Specialist recently met with World Bank Project Coordinator Bulat Utkelov, who outlined four important projects among the several environmental projects in Kazakhstan that the World Bank supports. He noted that 18 percent of all World Bank projects in Kazakhstan are environmental or have an environment-related component.

14. (SBU) Utkelov said the objective of the Global Environment Project (GEP)-funded Dryland Protection Project in Kazakhstan is to demonstrate and promote sustainable land use in the marginal dryland ecosystem in the remote Shetskiy rayon, a district in the southern part of the Karaganda oblast. The Drylands Project started in June 2003, and is projected to end in March 2010. The total projected cost is \$9.7 million, of which GEP is funding \$5.3 million and the Kazakhstani government is contributing \$1.3 million. The project will test the environmental, social, and economic viability of

shifting from an unsustainable, cereal-based production system to the traditional, livestock-based production system.

15. (SBU) Utkelov said the project will help halt the degradation of the drylands because livestock grazing actually stimulates the soil to increase grassland growth. This will also help farmers keep their livestock in the grasslands, thereby reducing overgrazing on the land near the villages, and at the same time improve the general hygiene in the villages, where villagers have traditionally lived with their animals. In general, 85-90 percent of all livestock live in villages, he said.

16. (SBU) According to Utkelov, Kazakhstan has more than 110 million hectares of empty grassland that is suitable for pasture but is not being used. Without grazing, gradual desertification will degrade this rich grassland. He said that during 1955-2005, Kazakhstan suffered severe losses of humus (the organic component of soil) and land degradation. Utkelov also hoped the project would indirectly help protect the saiga, a near-extinct, goat-like antelope of central Eurasia. In the past, approximately two million saiga inhabited these vast grasslands, but now only an estimated 42,000 remain. Most have fallen victim to poachers who are feeding China's insatiable demand for saiga horns that are used to treat fevers and fetch up to \$100 a kilogram (2.2 pounds) in markets.

#### SOLAR-POWERED WINDMILLS

17. (SBU) Utkelov said the World Bank funds a Solar-Powered Windmill Project that provides villages with wind-powered electricity and draws water from underground water tables for their livestock. (NOTE: Kazakhstanian representatives presented a video of these windmills during a Renewable Energy Conference in Tashkent October 12-13. The windmills are easy to assemble and reliably generate electricity in the windswept steppe lands of rural Kazakhstan. END NOTE.) Utkelov said that this project has helped local villages

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increase livestock population dramatically, with the average annual growth at 14 percent. In the Shetskiy rayon (mentioned above), the average increase has been 100-120 percent. He said the Ministry of Agriculture and the Ministry of Environment want to increase the scope and scale of this project.

#### UST-KAMENOGORSK GROUNDWATER CONTAMINATION

18. (SBU) Utkelov said the World Bank also has a five-year environmental remediation project in Ust-Kamenogorsk, in East Kazakhstan oblast, that was initiated in December 2008 to prevent groundwater contamination from migrating into the city's drinking water supply and eventually into the Irtysh River. He said the Soviet Union built up Ust-Kamenogorsk's industrial base during World War Two because it is a rich metallurgical site. Because of this, non-ferrous industrial waste has been seeping into the soil for over a half century. The World Bank is providing a \$30 million loan, with the estimated total cost to exceed \$40 million.

19. (SBU) Utkelov said the project entails strengthening institutional mechanisms for groundwater quality monitoring in order to control ongoing groundwater pollution from local municipal and industrial sources. It also includes the remediation of existing contaminated groundwater sites. To accomplish this, teams will dig wells using "trap technology" in order to catch and clean the contaminated water, then pump it back into the ground.

110. (SBU) According to Utkelov, based on the Bank's previous experience in the region, it will be difficult to coordinate between key government agencies and the polluting industries. The Bank must involve local institutions from the very beginning of the project, and a competent and efficient national management staff is crucial to ensure the viability and sustainability of the project.

#### NURA RIVER CLEAN-UP PROJECT

111. (SBU) Utkelov said because the USSR desperately needed rubber during World War Two, the Soviets built an industrial plant on the Nura River in Termirtau, Karaganda oblast. The production process

used mercury as a catalyst, and the plant dumped this waste into the river. Over the course of the last 25 years, this plant discharged more than 150 tons of mercury into the Nura River. The Nura River was a major source of water for the region, and now the local population does not have a reliable, safe source of water. In addition, the contamination is so bad, Utkelov said, that mercury salt has penetrated the homes in the district. The Nura River Cleanup Project's goal is to clean up serious mercury pollution in the Nura River and thereby improve the health of the local population. In addition, the project will find a safe, secure, and cost-effective alternative source of water supply for local residents. Finally, it seeks to control the river flow for flood management and ecological purposes.

¶12. (SBU) The project's first step, Utkelov said, was to build a secure landfill to contain contaminated soil and materials, excavate all the contaminated sites, including the nearby Zhaur Swamp, where mercury had accumulated along the banks and floodplains of the Nura River, and finally transport this contaminated soil and materials to the landfill. The project also provided technical assistance, training, and equipment to help the Nura-Sarysu River Basin Authority increase its management capacity. It also strengthened the water quality monitoring network and water pollution control systems. The ultimate goal is to bring mercury levels in the river down to internationally-accepted levels for drinking water. The project began in May 2003 and will run through September 2009, with an expected overall cost of \$40 million.

HOAGLAND